

## Chapter 3.—Salaries and Allowances : General Rules.

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## Due Date.

38. Salary and establishment bills may be signed at any time on the last working day of the month by the labour of which the salary is earned, and are due for payment the next working day. But salary and establishment bills payable at Provincial Headquarters, which require to be pre-audited, and those payable at District Treasuries may be signed and presented for payment three and two days respectively before the last working day of the month to which they relate. Payment of such bills, however, should not be made before the first working day of the next month. In the following cases separate bills must be presented in India for salary due for part of a month, and these bills may be paid before the end of the month, viz. :—

- (a) When an officer proceeds out of India on deputation or on leave other than privilege leave taken by itself.

NOTE.—If the officer is proceeding on combined leave with a last-pay certificate entitling him to draw his privilege leave allowances from the Home Treasury he must draw in India salary and allowances due to the date of making over charge; in other cases he will draw in India those due to the date of embarkation.

- \*(b) When an officer is transferred to another Audit Circle, or within the same Audit Circle (i) to or from the Public Works or Forest Department or (ii) from one Public Works Division to another.

- (c) When an officer finally quits the service of Government or is transferred to Foreign Service.

\*1. If the first six days of a month are public holidays on which salaries and pensions are not disbursed at the treasury, the local Government may, if it thinks fit, direct the payment on the last open day before the holidays.

- (a) of salary bills except those of gazetted officers, and  
(b) of pension bills of pensioners drawing pensions of Rs100 or less.

The powers of a local Government under this rule have been delegated to the Comptroller and Auditor General, all Accountants General, and the Comptroller, Assam, in respect of their own and subordinate offices.

2. The last payment of salary should not be made to a gazetted officer or to an officer referred to in Article 48, whose pay is drawn on salary bill forms, finally quitting the service of Government or placed under suspension, until the Treasury Officer has satisfied himself, by reference both to the Accountant General and to his own records, that there are no demands outstanding against him. In other cases payment may be made without reference to the Accountant General on the responsibility of the head of the office concerned.

3. In the case of officers and establishments accompanying Governments to hill stations, salary bills drawn at the hill station for payment at the provincial capital, or vice versa,

*Page 18, Article 38—*

*(i) Clause (a). Insert a full stop after the word "leave" in line 1, and delete the words "other than privilege leave taken by itself".*

*(ii) Note to clause (a). Reconstruct this Note as under :—*

"NOTE.—If a Government servant wishes, under the provisions of Fundamental Rule 91, to draw his leave salary in India, he will not be paid up to the date of his relief, but will be allowed to draw his pay and allowances for the broken period of the month at the commencement of the next month along with the leave salary for the rest of the month."

[ C. A. C., Vol. I, 8th Edn., No. 165, dated 1st April 1923.]

No. 399.

*Page 18, Article 38.*

*\* Delete "viz," in line 11.*

*Rule 1.*

*Alter the fullstop after "holidays" in line 3 into a comma.*

[C. A. C., Vol. 1, 8th Edn., No. 399, dated 1-6-23.]

No. 78.

*Pages 18-19, Article 38—*

*Add the following to Rule 3 under this Article :—*

“Salary and establishment bills of the Government of India Secretariat and other offices, while at Simla, may be signed and presented for preaudit five days before the last working day of the month to which they relate.”

(C. A. C. Vol. I, 8th edn., No. 78, dated 1st January 1922.)

*Page 19, Article 38—*

*(i) Rule 4. Delete this rule.*

*(ii) Rule 5. Renumber this Rule as Rule 4 and substitute  
“ pay ” for “ salary ” in line 1.*

[ C. A. C., Vol. I, 8th Edn., No. 166, dated 1st April 1923.]

*Page 19, Article 40, as amended by correction slip No. 328,  
dated 1st July 1924—*

*Insert the word “direct” after the word “circumstance”  
in line 4—*

*Delete “full stop” after the words “High Commissioner for  
India” and insert the following thereafter :—*

*“and send a copy of the report to the department of the Government of  
India concerned for information”.*

No. 328.

*Page 19, Article 40—*

*For “Secretary of State” in line 4 of this Article substitute “High Commissioner for India.”*

[C. A. C., I, 8th Edn., No. 328, dated 1st July 1924.]

No. 99.

*Page 19, Article 41—*

*For the words “ in the Civil Service Regulations, Appendix No. 3 ” in lines 2 and 3 of this Article, substitute “ in Appendix 8 A ”.*

[C. A. C., Vol. I, 8th Edn., No. 99, dated 15th October 1922.]



No. 167.

*Page 19, Article 41—*

*Substitute “the pay and allowances” for “salary” in  
line 4.*

[C. A. C., Vol. I, 8th Edn., No. 167, dated 1st April 1923.]

may be signed one, two or three days before the end of the month, though they will not be due for payment before the first working day of the next month.

4. When combined leave is granted, privilege leave allowances for the broken period at the end of the leave may be drawn at any time after the expiration of the privilege leave.

5. In case of transfers to and from service in Persia, salary will be paid up to the date when the transfer takes place, whether the officer changes his circle of audit or not.

### Death of Payee.

39. (a) Salary, allowances or pension can be drawn for the day of a man's death; the hour at which death takes place has no effect on the claim.

(b) Salary and other allowances claimed on behalf of a deceased officer may be paid without the production of the usual legal authority (1) to the extent of Rs500 under orders of the Collector or other officer responsible for the payment after such enquiry into the rights and title of the claimants as may be deemed sufficient; (2) for the excess over Rs500 under the orders of the local Government on execution of an indemnity bond, with such sureties as it may require, if it is satisfied of the right and title of the claimant and considers that undue delay and hardship would be caused by insisting on the production of letters of administration.

In any case of doubt payment should be made only to the person producing legal authority.

Any person claiming as the heir of a deceased pensioner should be required to produce the pensioner's half of the Pension Payment Order, or if no Pension Payment Order has been issued the copy of the order in which sanction to the pension was communicated to the pensioner or his heir.

(c) The rules regarding payment of pensions of deceased pensioners are contained in the Civil Service Regulations, Articles 959—961.

NOTE.—Rule 2 under Article 38, regarding last payments of salary, applies here also.

40. The death of every European officer of Government other than an officer of the Army or Navy, must be immediately reported by the head of his office to the Government under which he was serving, which will announce the circumstance to the Secretary of State. The death of such pensioners should similarly be reported, but by the Account Office, which should be furnished with the necessary particulars by the officer who has been disbursing the pension. This report should be submitted in Form 31.

### Last-pay Certificates.

41. Forms of last-pay certificates, to be granted in certain circumstances by the Treasury Officer, are set forth in the Civil Service Regulations, Appendix No. 3. A Treasury Officer must be careful not to pay salary to an officer to whom he has granted a last-pay certificate, unless the certificate is first surrendered.

1. The form of last-pay certificate prescribed provides for detail of the fund deductions although the officer preparing the bills is responsible for their correctness; but the Treasury

Officer is responsible not only for entering in the certificate all demands against the departing officer, including any made under an order of attachment of his salary by a Court of law, of which he may have received notice before granting the certificate, but for passing on any, of which he may afterwards receive notice, to the treasury from which the officer will in future draw pay.

2. In all cases of transfer from one district to another within the same Audit Circle, the last-pay certificate should specify the last regular or monthly payment; and the entire salary for the month in which transfer has been made should be paid in the new district except as provided in Article 38 (b).

### Bond of Indemnity for drawing Leave Allowances, etc.

42. (a) Officers often make arrangements with their agents to draw their leave or vacation allowances, pensions, etc., either granting them powers-of-attorney to enable them to do so, or leaving their bills ready signed in the agent's custody for presentation, the agents in their turn giving Government a bond of indemnity as security against any loss in case of over-payment (Civil Service Regulations, Article 864).

\*NOTE.—A Register of Power-of-Attorney will be kept by the Treasury Officer in the form prescribed in paragraph 50 of the Government Securities Manual.

(b) The bond of indemnity, which must be stamped, may be of the following form in the case of a <sup>firm</sup>/<sub>bank</sub> :

In consideration of <sup>our</sup>/<sub>their</sub> being permitted to draw the salary of..... during his absence from the Presidency, <sup>we</sup>/<sub>the (here insert the name of bank)</sub> do hereby engage to refund to Government, on demand, any overpayment that may be made to <sup>us</sup>/<sub>them</sub> as his <sup>agents</sup>/<sub>agent</sub>.

(c) It must of course be seen that the person signing the bond of indemnity has authority to bind the firm or bank.

(d) It is not necessary, however, for a separate bond to be entered into in the case of each individual officer. Agents of standing and respectability may, for this purpose, be allowed to enter into a general agreement in the form given in Appendix I.

NOTE.—The form of the bond requires advice to be sent to the Account Officer of any change in the constitution of a firm to which the bond refers. When such advice is received, a recognition of the existing agreements that have been entered into previous to the change in the partnership should be obtained either by calling for fresh agreements to be executed by the new partnership, or by obtaining an acknowledgment from the new partnership that they are bound by the existing agreements of the old partnership or otherwise.

\*(e) Agents of standing and respectability are also allowed to execute a single bond to cover the leave allowances, pensions, etc., of their constituents, payable not by any one Account Officer only, but by all Account Officers, whether Civil or Military. Arrangements for the execution of such a bond must be made through the Comptroller General. A list of the Agents who have executed such bonds of indemnity is given below:—

1. The Bank of Bengal.
2. The Bank of Madras.
3. The National Bank of India, Limited.

No. 168.

*Page 20, Article 42 (a)—*

*Substitute “leave salaries” for the word “leave” in line 2 and delete the words (Civil Service Regulations, Article 864) in line 4.*

[ C. A. C., Vol. 1, 8th Edn., No. 168, dated 1st April 1923. ]

*Page 20, Article 42, Clause (e)—*

*Insert the following as new entries Nos. 15 and 16 to the list of agents as revised by correction No. 320, dated 1st April 1924:—*

“15. Bansilal Ram Rattan, R. B., Bankers, Lahore Cantonment and Bangalore.”

“16. Bansilal Ahirchand, R. B., Bankers, Bombay, Calcutta, etc., etc.”

*Page 20, Article 42(e).*

For item 1 in the list given below this Article (as revised by correction No. 320, dated 1st April 1924) *substitute* the following :—

“ 1. The Imperial Bank of India, its local head offices and branches in Calcutta, Madras and Bombay and elsewhere, and such other local head offices and branches as may hereafter be established.”

No. 385.

*Pages 20 and 21, Article 42, Clause (e).*

*Insert the following as new entry No. 21 to the list of Agents as revised by correction No. 320, dated 1st April 1924 :—*

*“ 21. The Mercantile Bank of India, Limited, Madras.”*

[C. A. C., Vol. I, 8th Edn., No. 385, dated 1-6-25.]

No. 329.

*Pages 20 and 21, Article 42, Clause (e)—*

*Delete the words “King’s Branch” in entry No. 12 as revised by correction slip No. 320, dated the 1st April 1924.*

[C. A. C., I, 8th Edn., No. 329, dated 1st July 1924.]



No. 169.

*Page 20, Article 42 (b)—*

*Substitute <sup>“ pay ”</sup>  
“ leave salary ”  
“ pension ”* for the word “ salary ” in line 1 of  
*the form of bond of indemnity.*

[ C. A. C., Vol. I, 8th Edn., No. 169, dated 1st April 1923.]

## No. 12.

Article 42 (e)—

(1) *For item 1 in the list given below this Article, substitute :—*

1. The local head offices of the Imperial Bank of India, Calcutta and Madras.

(2) Cancel item 2 and re-number the subsequent-items in the list.

*(C. A. C., I., 8th Edition, Reforms List, No. 12 -1-4-21.)*

No. 253.

*Page 21, Article 42, Clause (e)—*

*Delete entry No. 5 under this clause.*

[C. A. C., Vol. I, 8th Edn., No. 253, dated 1st July 1923.]

*Pages 20 and 21, Article 42 (e)—*

*Add the following as item No. 14 in the list of agents given under this Article, as amended by correction slip No. 320 dated the 1st April 1924:—*

“14. The P. & O. Banking Corporation Ltd.”.

**No. 334.**

*Pages 20 and 21, Article 42, Clause (c)—*

*Insert the following as a new entry No. 13 to the list of Agents, as revised by Correction No. 320, dated 1st April 1924 :—*

**“ 13. The Central Bank of India, Limited, Bombay.”**

[C. A. C. I., 8th Edn., No. 334, dated 1-8-24.]

*Page 21, Article 45 (as introduced by correction slip No. 151, dated 1st April 1923)—*

*Under this Article number the existing note as "Note 2" and add the following as Note 'I':—*

"NOTE I.—A person responsible for paying salaries is not bound by law to deduct at the time of payment of salary income-tax on the value of rent-free quarters enjoyed by the person drawing the salary. The income-tax officer is therefore responsible for the assessment and for collection of tax on the value of rent-free quarters, though this particular source of income is included under the head 'Salaries'. There is however no objection to the person disbursing a salary deducting tax on account of the value of rent-free quarters enjoyed by the assessee should the latter request him to do so."

*Page 21, Article 43, Note—*

*Substitute “Indian Civil Service Provident Fund” for  
“Annuity Fund” in line 2.*

[ C. A. C., Vol. I, 8th Edn., No. 170, dated 1st April 1923.]

*Page 21, Article 44—*

*For the words “ The Indian Income-tax Act, 1918 (VII of 1918), as amended by Act IV of 1919 ” in lines 2 and 3 of this Article, substitute “ The Indian Income-tax Act, 1922 (XI of 1922).”*

[C. A. C., Vol. I, 8th Edn., No. 150, dated 1st April 1923.]



No<sup>f</sup>288.

*Page 21, Article 42, clause (c)*  
*Delete entries Nos. 10 and 12 and insert the following as a  
new entry No. 16 :—*

*“ 16. Messrs. Lloyds Bank Limited, King's Branch.”*

[C. A. C. I., 8th Edn., No. 288, dated 1-12-23.]

*Substitute the following for this Article :—*

45. As regards the recovery of income-tax, treasury and Audit offices are concerned solely with the recovery at the time of payment on "salaries" as defined in section 7 (1) of the Act and on "interest on securities." It is important to notice that the income-tax under the head "salaries" has at the time of payment to be deducted at the rate applicable to the estimated income of the assessee from the head "salaries," (*vide* section 18 (2) of the Act), provided that the amount of income-tax can, at the time of deduction, be increased or reduced for the purpose of adjusting any excess or deficiency arising out of any previous deductions or failure to deduct.

NOTE.—Where a special salary circle has been created to deal with the case of *assesseees* in the service of the Government whose pay is subject to the audit of a particular audit officer, a special income-tax schedule should be attached to all pay bills of gazetted or non-gazetted government servants showing—

- (1) Name of officer with official designation.
- (2) Gross amount of salary.
- (3) Deductions on account of provident and other funds.
- (4) Deductions on account of life insurance premia.
- (5) Net salary on which tax has been calculated.
- (6) Income-tax deducted.

4. The Hongkong and Shanghai Banking Corporation, Bankers and Army Agents.
5. ~~The Alliance Bank of Simla, Limited, with which are incorporated the Delhi and London Bank, Limited, the Punjab Banking Company, Limited, and the Bank of Rangoon, Limited.~~
6. The Allahabad Bank, Limited.
7. The Bank of India, Limited.
8. The Army and Navy Co-operative Society, Limited.
9. Messrs. Binny & Co., Limited, Bankers and Army Agents.
10. Messrs. Cox & Co., Bankers and Army Agents.
11. Messrs. Thomas Cook and Son.
12. Messrs. King, King & Co., Bombay, Delhi and Simla, and King, Hamilton & Co., Calcutta.
13. Messrs. Grindlay & Co.
14. Messrs. Parry & Co.
15. Messrs. Cowasjee, Dinshaw and Brothers.

### Fund Deductions.

43. The duty of noting the proper deductions to be made from pay bills on account of funds devolves on the drawers of the bills, but no discretion is allowed in carrying out an order received from the Accountant General or a Fund Examiner to make any particular deduction.

NOTE.—The Treasury Officer must, however, check the deductions in the case of the Annuity Fund and the Indian Civil and Indian Military Service Family Pension Regulations.

### \*Income Tax Deductions.

44. The sole authority for the recovery of income-tax is contained in the Indian Income-Tax Act, 1918 (VII of 1918), as amended by Act IV of 1919 and rules and orders issued under it. The instructions given below have no validity except in so far as they reproduce the exact wording, or represent correctly the meaning of the Act and rules thereunder, and no doubtful cases should be decided except by reference to the Act and, if necessary, to the Income-tax authorities.

45. As regards the recovery of income-tax, treasury and accounts offices are concerned solely with the recovery at the time of payment on "salaries," as defined in section 6 (1) of the Act and on "interests on securities." It is important to notice that under the Act they have no authority to refund or make supplementary recoveries of income-tax incorrectly recovered at the time of payment from these sources of income, though under the refund rules issued by local Governments they have in certain circumstances to deduct the tax from interest on Government securities at less than the ordinary rate [Note 1 under section 15 (3)].

46. The relevant sections of the Act are reproduced in Appendix 2, and supplementary notes and instructions which are not to be found in the Act itself are introduced as notes under the relevant sections.